

Message Text

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ACTION EUR-12

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TAGS: EIND, ETRD, UNCTAD, EEC

SUBJECT: EC PREPARATION FOR UNCTAD IV - TDB

REF: (A) GENEVA 1465, (B) OECD PARIS 6072, (C) EC BRUSSELS 2027

1. SUMMARY: AFTER A VERY UNPLEASANT DEBATE THE EC MEMBER STATES AGREED TO A PAPER FOR THE DEVELOPMENT OF A GROUP B POSITION ON COMMODITIES AT THE UNCTAD TDB MEETING. WE ARE SUMMARIZING

A MAR. 3 VERSION OF THE PAPER WHICH MAY BE SLIGHTLY DIFFERENT IN ITS FINAL COMPROMISE VERSION. END SUMMARY.

2. WE LEARNED FROM A PERMREP CONTACT THAT AFTER SEVERAL DAYS OF ACRIMONIOUS DEBATE, THE EC RAW MATERIALS GROUP FINALLY AGREED YESTERDAY EVENING (MARCH 8) ON A COMMODITIES PAPER AS PART OF THEIR CONTRIBUTION TO THE FORMULATION OF A GROUP B POSITION FOR THE UNCTAD TRADE AND DEVELOPMENT BOARD MEETING.

AS IN THE PAST, THE GERMANS AND THE DUTCH WERE AT TWO EXTREMES. THE DUTCH INITIALLY RESERVED BECAUSE THEY SOUGHT TO HAVE LANGUAGE INCLUDED CALLING FOR GROWTH IN

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COMMODITY EXPORT EARNINGS, AND EXAMINATION OF CONSUMER/

PRODUCER FINANCING OF BUFFER STOCKS, AND NEGOTIATION OF COMMODITY AGREEMENTS. THEY INSISTED ON CONSTANT REFERENCES TO THE UNCTAD INTEGRATED PROGRAM. THE GERMANS INTRODUCED RESERVATIONS WHERE LANGUAGE REFERRING TO THE INTEGRATED PROGRAM CREEPT INTO THE DOCUMENT. A MAJOR ISSUE WAS WHETHER THE PHRASE "OVERALL APPROACH" OR "INTEGRATED APPROACH" WOULD BE USED, AND THE UNHAPPY COMPROMISE WAS TO USE "OVERALL INTEGRATED". WE UNDERSTAND THAT THE COMPROMISE PAPER WILL BE USED FOR DISCUSSIONS IN GROUP B, BUT WILL NOT BE THE EC POSITION IN THE TDB ITSELF. THE DUTCH STATED THAT THE EC PAPER REPRESENTS A MINIMAL EC POSITION, AND MOVEMENT MUST BE TOWARD THE GROUP OF 77 POSITION.

3. WE SUPPOSE US MISSION GENEVA WILL BE RECEIVING THE COMPROMISE VERSION FROM THE COMMISSION OFFICIALS TODAY. ALTHOUGH IT MAY DIFFER IN SOME POINTS FROM THE VERSION OF A FEW DAYS AGO THAT WE HAVE OBTAINED, WE ARE SUMMARIZING BRIEFLY THE PAPER IN OUR POSSESSION.

4. THE PAPER SPELLS OUT OBJECTIVES, MEASURES AND TECHNIQUES, COMMODITIES TO BE COVERED AND PROCEDURES AND A TIMETABLE. THE OBJECTIVES ARE THE FAMILIAR ONES THAT WE HAVE SEEN IN OTHER EC PAPERS, SUCH AS STRIVING TOWARDS MORE STABLE CONDITIONS IN COMMODITY TRADE, AND AVOIDING EXCESSIVE PRICE FLUCTUATIONS. PRICE LEVELS SHOULD BE REMUNERATIVE TO PRODUCERS, FAIR TO CONSUMERS, AND CONSISTENT WITH LONG-TERM EQUILIBRIUM BETWEEN INCREASING PRODUCTION AND CONSUMPTION. OTHER OBJECTIVES ARE INCREASING THE STABILITY OF EXPORT EARNINGS OF LDCS, ENCOURAGING CONDITIONS FAVORABLE TO RAW MATERIAL PRODUCTION AND SUPPLY, IMPROVING MARKET ACCESS FOR PRODUCERS OF PRIMARY PRODUCTS, PROMOTING DIVERSIFICATION AND FOCUSING ON PROBLEMS OF THE POOREST DEVELOPING COUNTRIES. THE SECTION ON MEASURES AND TECHNIQUES NOTES VARIOUS ACTIONS ON COMMODITIES, CITES EXPORT EARNING STABILIZATION, LISTS WAYS OF IMPROVING MARKET ACCESS TO LDCS, AND CALLS FOR ENCOURAGEMENT OF COMMODITY PRODUCTION AND DIVERSIFICATION AS WELL AS INDUSTRIAL DEVELOPMENT. THE INTRODUCTION TO THIS SECTION RAISED THE GERMAN-DUTCH PROBLEM LIMITED OFFICIAL USE

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BECAUSE IT STATES THAT ACTION TAKES PLACE WITHIN THE FRAMEWORK OF AN "OVERALL INTEGRATED" APPROACH.

5. REGARDING COMMODITIES TO BE COVERED, THE EC IS PREPARED TO INCLUDE THE 17 COMMODITIES SUGGESTED BY THE UNCTAD SECRETARIAT AND ANY OTHERS THE DEVELOPING COUNTRIES WOULD BE INTERESTED IN DISCUSSING.

6. THE SECTION ON PROCEDURES AND A TIMETABLE IS THE MOST OPERATIONAL PART OF THE DOCUMENT. THE EC WOULD HAVE UNCTAD IV ARRANGE FOR A SERIES OF MEETINGS BETWEEN PRODUCERS AND CONSUMERS OF SPECIFIC COMMODITIES BY MAKING USE OF EXISTING BODIES WHEREEVER POSSIBLE AND BY ESTABLISHING NEW AD HOC GROUPS WHERE NECESSARY. UNCTAD IV WOULD INVITE THESE GROUPS, IN THE LIGHT OF OVERALL AGREED OBJECTIVES, TO BRING FORWARD PROPOSALS ON APPROPRIATE MEASURES AND TECHNIQUES, INCLUDING MEASURES TO MEET ANY IDENTIFIED FINANCING REQUIREMENTS. THESE GROUPS WOULD MAKE RECOMMENDATIONS ON NECESSARY FOLLOW-UP ACTION WHETHER BY NEGOTIATING AGREEMENTS, ARRANGEMENTS OR OTHER MEASURES. THE GROUPS WOULD ALSO PREPARE PRELIMINARY DRAFTS OF ANY SUCH AGREEMENTS OR ARRANGEMENTS FOR THE CONSIDERATION OF GOVERNMENTS AND FOR USE IN NEGOTIATIONS. FINALLY, UNCTAD IV SHOULD CONSTITUTE THE COMMITTEE ON COMMODITIES AS A COORDINATING COMMITTEE TO DO SEVERAL THINGS: GIVE IMPETUS TO THE PREPARATORY WORK; REVIEW PROGRESS ON SUCH THINGS AS BUFFER STOCKS; CONTINUE ITS EFFORTS TO ENCOURAGE DIVERSIFICATION, PROCESSING AND LIBERALIZATION OF TRADE; ASSESS, THE IMPROVEMENTS MADE IN THE IMF COMPENSATORY FINANCING FACILITY; AND DEAL WITH ANY MAJOR PROBLEMS, REFERRING AS NECESSARY TO THE TRADE AND DEVELOPMENT BOARD.

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